

**ARIZONA STATE PARKS BOARD
2112 W. ASPEN AVENUE
FLAGSTAFF, AZ
JULY 21, 2004
MINUTES**

Board Members Present:

John Hays, Chairman
Elizabeth Stewart
William Porter
William Cordasco
Gabriel Gonzales-Beechum
Janice Chilton

Board Members Absent:

Mark Winkleman

Staff Present:

Kenneth E. Travous, Executive Director
Jay Ream, Assistant Director, Parks
Jay Ziemann, Assistant Director, Partnerships and External Affairs
Mark Siegwarth, Assistant Director, Administration
Cristie Statler, Consultant, Fundraising and Friends
Debi Busser, Executive Secretary
Jean Emery, Chief, Resources Management
Janet Hawks, Chief of Parks
Ray Warriner, Resources Management
Amy Hartle, Administrative Assistant
Rick Knotts, Western Region Manager
Sue Hilderbrand, Acting Chief of Grants
Brad McNeill, Computer Support
Annie MacVey
Elizabeth Krug, Chief of Research and Marketing
Michael Freisinger, Resources Management
Bob Sejkora, Resources Management
Rick Toomey, Cave Expert, Kartchner Caverns State Parks
Ellen Bilbrey, PIO

Attorney General's Office:

Joy Hernbrode, Assistant Attorney General

A. CALL TO ORDER – ROLL CALL

Chairman Hays called the meeting to order at 1:10 p.m.

B. INTRODUCTIONS

The Board and agency staff introduced themselves. It was noted that no public were present at this meeting.

C. BUDGET PRESENTATION

Mr. Siegwarth referred to a visual presentation and began with an Overview of the Strategic Plan and the Budget process.

Mr. Siegwarth stated that the goal of this meeting is to present information and discuss issues of concern to the Board.

Mr. Siegwarth noted that three years ago the theme of his presentation was "Blueprint for Success". At that time a business plan was pulled together and it was noted at that time that the agency had a lot of plans and the goal was to implement those plans throughout the year to try to leverage them to reinforce each other. While it was a good idea, it didn't happen due to a budget crisis. Because of fund sweeps and other things that occurred during the year, the agency couldn't complete that plan. The following year the agency found itself "Sailing Uncharted Waters".

Mr. Siegwarth stated that last year's theme was "Searching for Hidden Treasures". It appeared that things might be getting better and that it was possible for some good things to happen; but things weren't very clear yet.

Mr. Siegwarth noted that this year the trail is pretty clear; the skies are looking better. The agency has made quite a bit of progress in the last year, but there is still a way to go. Staff realized three years ago that this is an agency with many plans. Within the last six months staff have realized that this is an agency with one Mission but many perspectives. There are 3 programs with 14 sections under those programs. There are 30 parks, all unique in their own way. There are 8 advisory groups and a foundation. There are 7 "friends" groups, Project 11 (which has 7 subcommittees), Chapter 7, etc. In addition, each agency staff brings his/her own unique perspective to the agency and its Mission. The question of what unifies the agency arose. Previously the Mission unified the agency: Managing and conserving Arizona's natural, cultural, and recreation resources for the benefit of the people both in our parks and through our partners. Some of those groups and advisory committees were only attached to the cultural aspects in the parks. The Mission was like an umbrella. Anything that fit under that umbrella was OK. It really did not unify the agency. It was felt that there was a need for an overarching Vision to unite the agency and provide a clear direction to follow.

Mr. Siegwarth noted that the Board directed, correctly, that the new Vision is to be recognized nationally and locally as the best resource management organization in the nation. Patience is needed for that new Vision to truly unify the agency. The Board knew what it means, but that statement was given to a group of people within the agency with many different perspectives. Each takes his/her own piece of it. The agency is struggling and asked itself some very good questions on what exactly the Board means by that statement. A strong foundation is built by getting everyone to buy in and get consensus. That takes a lot of work. A couple of months to deal with these questions may not be enough time.

Mr. Siegwarth noted that Chapter 7 has been dealing with and discussing a number of questions to understand what this Vision means. For instance, when talking about natural, cultural and recreation resources, does the Vision place one higher than the other? What is the basis for that recognition – is there a leadership role or is it the example set in the parks or the condition of the parks? Or does the Vision place an

entirely different value than is presently recognized? Are we really a “conservation” agency? If that is the direction, are there sections within the agency that are no longer relevant or as important? Will some areas no longer be “core” to the agency? These questions demonstrate that the Vision is truly powerful and important and that staff took the Board’s guidance very seriously. In order to move forward staff need to feel they have the Vision right. The most important outcome of today is to ensure we are all on the same page.

Mr. Siegwarth noted that, based on the strategic issues the Board gave staff, it appears the Board is challenging the agency to make better informed decisions, that will be done through the analysis of knowledge-based systems, using a scientific approach to the natural resources and decision-making in general. There have been a lot more quantitative questions (i.e., visitation). The Board appears to want more background. Part of the Vision appears to be to challenge staff to do a better job of informing the Board on these things.

Mr. Siegwarth noted that the Board appears to be challenging staff to ensure everything is being done in their Mission regarding natural, cultural, and recreational resources. He believes staff have done some great things lately. The Board is challenging staff to make sure that great things are being done across-the-board while not neglecting any one of those areas.

Mr. Siegwarth noted that the Board appears to be challenging the agency to be a leader both in words and actions throughout the state – not just talking the talk, but also walking the walk. Staff need to ensure that those things in the parks that need to get done are done and that the agency’s plate is clean when working with its partners to achieve the vision for the rest of the state.

Mr. Siegwarth asked for comments from the Board.

Mr. Porter stated that he believes that is what the Board intended when they came up with that Vision. The fact that those questions are being asked throughout the agency may signal that we are moving where we want to move – seriously looking at who and what this agency is. He does not believe that any of the Board members could really define what Arizona State Parks (ASP) was, where it was heading, what it was intending to be last year. Was the agency “cultural”; was it “historical”; was it “recreational”? Was it doing all three as well as it should? What about those other tremendous areas that the agency was constantly becoming a part of? Did ASP want to be a conservationist-oriented entity? There appeared to be a disquiet more than anything else that the Board didn’t really know and needed to define its purpose. It will take some time. It could take years. However, it is a start. It will probably never be 100% accomplished. However, there needs to be a standard against which to measure what is being done. For example, an agency of the type we envision from that Vision statement would never run up against the problems we did with ADEQ. There would be no concern about entering into Consent Decrees over issues relating to water quality in the parks because it would be something that would have been anticipated and staff would have been on top of. He realizes that a lot of it has bureaucratic elements that are distasteful. While it may just be a petty thing, it is those petty things that ultimately add up to the big picture. There are a lot of things that are contained in the Strategic Plan dealing with parks that hasn’t been done and needs to be done. The

Vision encompasses somehow trying to set those priorities, establish that plan, stick to it, and make it work in three years.

Mr. Cordasco stated that he believes it is a great Vision. With that in mind, he is not sure that an answer is exactly what is needed. Everyone should be excited about the Vision. Everyone should see the opportunities and possibilities associated with it. Everyone has the opportunity to perform at their highest levels and participate fully. He found it interesting that people may have concern where they might fit in. It is a little like an orchestra. The person who plays the chimes in the very back is just as important as the person up front playing the violin. It takes everyone; everyone needs to appreciate the overall intention of whatever role they have and participate appropriately.

Ms. Stewart stated that she agrees. She believes that these questions should be asked every time the agency embarks on something. These questions should not go away. She believes that some of the concern the Board had was that those questions were not being asked and that the point had been reached where maybe we got a little too comfortable and then the rug got pulled out from under us on budget issues. While things started being done in response to that and no one really looked at what those actions were doing to the agency. Questions as to whether these actions would get the agency what it wanted and where it needed to be in the future were not asked. She believes the changes are difficult. As individuals we tend to re-examine where we are going in life. It is painful. We always come across things that we don't like and wish hadn't happened. That is part of the process. She thinks things are changing fairly rapidly in terms of the residents of the state and what they want. If ASP wants to be a leader then it needs to be asking these kinds of questions and needs to be a little uncomfortable. If the agency gets too comfortable, it really doesn't move forward. The agency obviously has the staff and resources needed to be both in a leadership role and take us to another level. It is not a criticism of what has happened in the past, but as times change the agency needs to change as well. It's not necessarily change because things are changing outside, but there is a need to re-examine whether change is necessary and how to change. Sometimes people are uncomfortable with these discussions and a new Vision or doing things differently somehow are interpreted that something was wrong or someone was not "up to snuff". That really has nothing to do with it. It is just a normal part of the process of maturing as an organization and constantly growing and reaching higher peaks. She believes it is good. People, individually, will tend to look at this first as, "How will this affect me?" or, "How will this affect my job." These challenges might bring new opportunities. Sometimes people who are most threatened are actually the ones who come out on top with something new and better and more rewarding to do. While it's easy for her to sit here and say staff shouldn't worry about their individual work, she believes there is a place for everyone. She believes there is a place for all these things that are being discussed. Balance is not necessarily a struggle or a competition. Just as the parks system has many different things to offer, most individuals enjoy doing more than one thing. People like variety. That is how she believes the system will continue to be. She doesn't believe it is an indication that the Board feels one thing is more important than another. It is saying that as we go forward and do wonderful things, we need to be conscious of how they will affect our resources. We want to ensure that we will continue to be able

to provide these opportunities rather than be educational, recreational, or cultural. It is like taking good care of that goose that laid the golden egg.

Mr. Siegwarth responded that staff appreciate hearing this. He noted that he is a “deadline” kind of person. However, the Board needs to recognize that this is an evolving, ongoing process. He believes discussions will continue on the Vision and how it applies to and affects the agency as circumstances change. He believes that the Board recognizes the fact that this will be an issue throughout the coming year and staff will continue to ask themselves these questions and still be dealing with them as the year progresses.

Ms. Stewart responded that staff should not think that doesn’t mean that the Board won’t hold their feet to the fire on some things.

Mr. Travous stated that everyone is smarter in hindsight than in foresight. It appears to him that when talking about Vision Statements, the previous agency Vision Statement (Together We Make A Difference) was nice, but it didn’t really motivate staff. He sees the new Vision as one based on desire rather than necessity. It has a motivating force behind it. He sees an intrinsic motivation behind the Vision that he has not seen in this agency. It will mean that there will be places that will need some WD-40 because there will be friction back-and-forth, but it is healthy for the agency. Going from looking at our feet to looking at moving forward is energizing staff.

Chairman Hays noted that this agency began about 50 years ago. It is one of the younger agencies in state government and has had tremendous growing pains. It’s been a race in all the years he’s been associated with it to grow, grow, grow. He believes the agency has reached the level where it can be a little more introspective. In the past there was no time to get to this level. Every year the agency concentrated on new acquisitions and more budget – and it’s paid off. A plateau may have now been reached where the agency may not be able to do these things in the future.

Mr. Porter added that the agency is facing new challenges. Ms. Stewart touched on some of them relating to demographics. This is a change in the state, as well as the population size, and urbanization vs. rural, State Land Reform, and other things that are on the horizon. The agency needs to be a major player. He believes that the Vision Statement really brings to the front that, because of our structure and the way we do business, we want to be a major player when it comes to these things. We need to be. If we don’t, we will be left standing in the dust.

Ms. Stewart noted that that is what happened with the State Trust Land Reform. ASP was not viewed as a player. It was an opportunity to some extent to take a leadership role that was missed. In the end, however, the agency came out all right. It is one of those things where the agency was busy doing other things.

Mr. Siegwarth noted that a lot of work has been done on this. However, the important thing today is the Vision. He noted the work staff have done on the guiding principles. There will probably be a more drawn-out Strategic Plan discussion in the spring. By May it will be more cut-and-dry.

Ms. Stewart noted that, in reading the State Parks Guiding Values section of the Strategic Plan it struck her that there was no mention whatsoever of the natural

resources the agency manages. It's not that there's a problem with any of the things that are there; however, there is an absence of the value of the resources. Without these resources, the agency wouldn't be here. She felt that in the future something that addresses the resources should be included.

Mr. Cordasco noted that it was interesting that in working with different aspects and disciplines where natural resources are part of the issues, some universities are very interested in cultural issues and other universities are interested in natural resources issues. There is some support for ecology. In discussions he has participated in, people tend to look for balance in whatever is being discussed. He suggested moving away from collaboration as being the thought that is needed in discussions. He is not saying collaboration is not needed. When people talked about integrating resources, things became clearer. Sometimes only part of the cultural resource is needed for a certain project. Other times something else may be needed, such as recreation. When discussions centered more on integration of resources rather than collaboration of the resources a more defined and appropriate project resulted.

Mr. Porter referred back to the discussion of inclusion of the resources in the Strategic Plan, and stated that he agreed. However, that is more basic. He suspects it may be an outgrowth of the Vision Statement and the planning sessions last year. It is spectacular. If this same sort of inventory is done state park by state park then staff are already on track. It will enable staff to very easily and quickly draw the resource material Ms. Stewart referred to in the future. While he hasn't had a chance to read it since it was just distributed to the Board, he did thumb through it and is excited about where the agency is going with this sort of thing.

Ms. Stewart asked Mr. Cordasco for the clarification of his comments. She asked if he was saying to move away from the "people" issues and focus more on the resource. She didn't understand the reference to moving away from the collaboration issue and more toward the integration of the resources.

Mr. Cordasco explained that he was speaking from the internal respect and the roles that staff play in decision-making as to where to focus attention. Everyone has participated in those processes. Because of all the compromises that are made in a collaboration situation, it is more likely for something to come out of it with something fair, and perhaps far less than what could be,. In dealing with natural resources, staff can't necessarily afford those compromises. The collaborative mindset will result in struggles. Staff need to break away from that mindset and just think in terms of the resource (as far as skills, knowledge, resources, money, etc.) and anything that goes into the discussion for the purpose of what staff are trying to achieve.

Mr. Siegwarth then returned to his presentation. He noted that the Board came up with six strategic issues. The agency takes the Board's instructions very seriously. He believes work on the Vision Statement will continue throughout the coming year. In looking at the Strategic Plan it is not quite clear that the six strategic issues are included; however, they are all included as follows:

1. Increasing public awareness of ASP and programs. There are only two things that were increased in the budget this year. This is one of them. It

is also a specific goal. There are short-term objectives and short-term action plans.

- 2,3. Expansion of natural resource knowledge base; Expansion of cultural resource knowledge base. These two strategic issues were combined into one in the Strategic Plan. It is a short-term objective and action plan. This is the only other place that funding was increased.
4. Evaluation of organizational structure policies and standards to ensure the agency is vision and mission focused. Staff want to get the issue right and are still grappling with it. Staff will continue to work on it in the coming year. That fact that so much staff time has been invested in it and the fact that there is so much passion behind the work on it say a lot.
- 5,6. Economic Sustainability and Evaluation of New Opportunities appear to staff to be the same strategic issue. As the Board look at the budget they will see that staff have addressed them directly.

Mr. Siegwarth referred to a slide detailing staff's strategic issues. The Strategic Plan has many different audiences, including the Governor, the legislature, the public, and agency staff. Communication has always been a key issue. In order for employees do a good job with their customers, they need to know what is going on so they can work on it and be a part of the team.

Mr. Siegwarth noted that there were some short-term objectives and action plans were added. Just changing the Vision Statement was huge for the agency. To change the Strategic Plan too much is not healthy. People know where they stand, and it's not good to completely pull the rug out from under them. This needs to be an evolutionary process. In years past staff presented the Board with a bound book; this year it's not bound and printed up nicely. There is room for change.

Mr. Cordasco asked what kind of changes staff are referring to.

Mr. Siegwarth responded that the Board could make changes to the specific strategic issues, they could elevate some of them, etc.

Ms. Stewart noted that these issues seem to be different from what is contained in the materials the Board received. She referred to page A-6 of the document (page 16 of the Board packet) where it states that the agency anticipates the new Strategic Plan will be directed at several large subject areas. The list following that statement appears to be different.

Mr. Siegwarth responded that he only included the three highlighted strategic issues. The list in the document is what staff will work on in the coming year under the new Strategic Plan. The agency is very passionate about this. The change in the Vision created a lot of discussion. He believes staff need more time to get the Vision, the Goals, Guidelines, and Principles set before really attacking the Strategic Plan and attaching actual Goals and Objectives to it. This is the Strategic Plan and is what will be sent to the Governor and the Legislature. The Board can make changes to any page of the Strategic Plan they wish.

Ms. Stewart noted confusion where some Goals and Objectives have numbers and some don't seem to have numbers. Those that don't have numbers don't have any

measurement standards whereas the others say that by a certain date certain things will be accomplished. She referred specifically to page A-12 (page 22 of the packet). One objective is to preserve and protect open space and natural area values throughout the State Parks System. It includes some actions. These are things that were added several years ago that have been taken out of the Natural Resources section. At one time there were dates attached to them that are now gone. Under other goals it is stated what will be done each year and /or by when. Another objective without measurements is Improve Arizona State Park's effectiveness at conserving and protecting Arizona's natural and cultural resources by reevaluating and focusing the organization on the new vision and mission. While a lot of actions are listed, she is concerned that it is rather open-ended and there are no deadlines or time periods in which to accomplish it. There is also concern as to whether it will ever be done.

Mr. Siegwarth responded that this is something staff grappled with greatly. The Vision was a huge change for staff. It created a lot of discussion to define just what it was. Staff knew that the Board had strategic issues and wanted action on them. His timeline to get a draft copy to the Board was tight. Staff were reticent to completely revamp the entire Strategic Plan without being sure they even had part of it right. Everything flows from the beginning.

Ms. Stewart noted that the first objective was put into the Strategic Plan two years ago (2002) and was taken out of the materials the Natural Resources section had already established with deadlines associated to it. Her point regarding that objective is that those dates have been removed. This is not a new objective. She asked if there is a reason that the dates were removed.

Mr. Siegwarth responded that, to the best of his knowledge, in trying to incorporate the Strategic Plan there were some attempts to incorporate everything. Staff went back to an old version. It was an oversight because it wasn't included in last year's Strategic Plan. Somehow it was left off that copy and therefore was not included in this document. Staff stayed with the goals as they were written in the previous year in order to give the Board something they can use to hold staff's feet to the fire.

Ms. Stewart asked if staff plan to complete all the actions for this objective in the upcoming year.

Mr. Siegwarth agreed that it would be difficult to do that.

Ms. Stewart requested that staff return the dates for completion to the actions. Staff have those dates; the Board has previously seen them.

Mr. Ziemann noted that the measurable objectives relating to those actions are on a previous page.

Ms. Stewart responded that they don't have anything to do with that objective. Doing a survey every year of what other people do to save open space, as she pointed out the last two years, has absolutely nothing to do with what this agency is doing in the open space area. Quite frankly, as a Board member, she is embarrassed to have simply completing a little survey of what other people are doing to preserve open space as a goal. She has no objection to doing that survey, but it's not something the Board can hold that out as something that makes the agency a leader in the area. She understands

that this document is something that the Governor asked the agency to do several years ago. She is very aware of what it is.

Mr. Siegwarth noted that JLBC still requires the agency to have this as a performance measure. It wasn't staff's choice.

Ms. Stewart noted that there are no measures on page A-11 (page 21 of packet) that have anything to do with the objective and actions on page of A-12 (page 21 of packet) where we are going to go through the State Parks system and develop the definitions of open space, review the Master Plans and documents for current land use practices within each state park to identify areas eligible for designation as open space, when the list will be presented to the Board for areas within the parks that are eligible, etc. She believes that there needs to be deadlines for these action items.

Mr. Siegwarth responded that the agency will be more than happy to elevate that to a numbered objective, number the actions, and place timelines to them.

Ms. Stewart noted that when she voted for it two years ago she understood that it would be added. She is concerned that it got dropped.

Mr. Siegwarth responded that he recalls those discussions. He believes that an old version of the Strategic Plan was used when preparing this document.

Ms. Stewart asked what can be done about some of the things in the second objective on page A-12 (page 22 of packet) to elevate them as well. As a Board member, she feels this is really the crux of the essence of what the Board is trying to do. If this is not important enough to elevate to include measurements and if only those things that are easy to do are measured, then there is no challenge. Sure it's scary to put a date in there that perhaps won't be met, but it will result in a lot more respect as a manager of natural resources and cultural resources if we are doing something that was stated as a goal and the measures of performance are more directed toward what the agency is saying it wants to be. She realizes that some of these things are going to take a fair amount of time. However, she believes that the Natural Resources section has already established timelines on some of these things in the second objective. To the extent possible, she believes they are important. It says to her, as a Board member, that the agency is really serious about doing something about this. There is a lot of nice language in this document and she likes a lot of what is said about what the agency is doing. However, if there is nothing included in the document that really forces the agency to be accountable, then she questions the level of commitment.

Mr. Siegwarth responded that staff are happy to elevate the objectives and put timelines on the actions.

Mr. Travous noted that he is in the middle of a group who wants to go very fast with this and a group who wants to be sure that a foundation has been put in place in order to move fast smarter. He is not sure that he understands exactly what we want to do here yet. If the Board wants to elevate those things relating to open space and add timelines then we must also consider taking the time to assess the organizational structure as well as some bigger things before we deal with those things that are more "on the ground".

Ms. Stewart responded that she believes the Board is being sensitive to that. She believes that the Board is certainly willing to give some flexibility in terms of the time involved. The Board is not saying that things should necessarily be rushed. The Board does want to know, however, when these things will happen and a timeframe for them to happen. The objective on the open space is not new. It's been part of the Natural Resources section's strategic plan for two years.

Mr. Travous asked if the Board are saying they want the 2004 estimated expected columns for 2005, 2006, and 2007 to show growth under the third objective on page A-11 (21 in packet).

Ms. Stewart responded that staff has said the Board could elevate the things on A-12 (22) to A-11 where time increments are shown. They would be separate from what is already shown.

Mr. Siegwarth added that some of the sections may have goals and objectives that need an annual performance measure that can track performance over time. Staff felt that some of these actions were "one time only". It may not be appropriate to list dates on those types of things in the Strategic Plan. It gets into what a Strategic Plan is. He believes the Board are telling staff that they would like it broken out with some times. If something is to be completed by May, the Board can request a report at the May Board meeting.

Ms. Stewart stated that she is also looking at Objective 6. By June 2005 a certain percentage of build-outs will be completed. The Board's request is not inconsistent.

Mr. Travous asked for more clarification on the same page. He asked if the Board is asking staff to break out the actions on the first objective into a timeline.

Ms. Stewart responded affirmatively to the extent it is possible. Otherwise these things can fall by the wayside.

Mr. Porter added that his concern is that there is some urgency to that in light of the fact that no one has a crystal ball to look into the future and know where things will go with land reform. From whatever shape that land reform takes, the agency will face some very significant agency decisions down the line. The agency will probably receive some land and will have to be prepared to deal with it and decide how to incorporate that land into the system. The agency will have to be better at using open space. There will be issues about things that will need to be open space that the agency may prefer not to have as open space where it cannot do its business as usual. Decisions will have to be made on what the agency will want to buy down the road. He believes there will be a major confrontations. This is a good opportunity to get prepared for it. He believes there is urgency in this area and probably does need to be put within a time frame for completion. He understands that those dates are targets and sometimes it is just impossible to make them. But the Board wants to be sure they are moving steadily in that direction and not simply wafting around.

Ms. Stewart added that it is important to realize that most of these things are evaluations and not implementations. There is a big difference. It is really a matter of looking at what needs to be done and answering some of those questions.

Mr. Porter added that if that is done, the agency will be well prepared to deal with some of the issues just touched on.

Mr. Siegwarth responded that this is truly agency-generated. Staff are passionate about it and they want to do these things.

Ms. Stewart noted that during their strategic planning sessions the Board talked about reevaluating the grant criteria in light of the new Vision. It would be helpful to have a schedule of when they can be done. She believes some are more critical than others. She is aware that a reevaluation is being done by the Historic Preservation Advisory Committee. She believes that the most impact can be made reevaluating the LWCF and the LRSP grants criteria. The criteria are the same. She believes they are the ones that staff need to look at in the next year and bring recommendations to the Board.

Mr. Cordasco noted that the Strategic Plan is a big picture. He is not sure that he can fully appreciate the significance of the Vision change to the staff. The objectives certainly drive the cultural essence in the agency itself. It creates excitement within the staff. He feels that this is a tremendous effort by staff and everyone else involved to get to this point. He wondered if, considering the way this has been written up for this go around, it would be more appropriate for staff to start to move forward to define timelines and priorities and whatever efforts need to be directed to achieve the Vision rather than to focus too soon on putting their feet to the fire.

Ms. Stewart responded that she believes that is exactly what the Board is talking about. These things are the evaluation phase. That is not really the "feet to the fire" phase. She considers the feet to the fire phase to be implementation, which is what comes after the analysis and evaluation. She believes things can lose momentum if there isn't some kind of measurement.

Mr. Cordasco asked if there is another process that could accomplish that. He wonders if the Board starts throwing timelines into the mix it won't take a lot of staff's time.

Mr. Porter stated that he is not sure that setting time lines necessarily derails the momentum. He believes the idea of putting timelines in place is nothing more than putting focus on these things. He agrees that there was a quantum change last year. He agrees that the Board does not want to signal to the staff that it expects miracles and instantaneous gratification. He believes that the Board simply needs to be careful not to have generalities. While there is some generality, it needs to focus. Hopefully a year from now the Board will be sitting and looking at some hardcore, real performance kinds of things. While the point is well taken, he does not believe that just adding timelines is going to create problems.

Mr. Siegwarth pointed out that there are so many staff here today because they all have different perspectives, both personally and professionally. The first objective alone is a huge amount of work. Staff appreciates Mr. Cordasco's remarks. Staff do take the Board's actions seriously. When there are timelines, staff really do their best to meet them. It does create a lot of stress. Sometimes staff come before the Board not as happy with their presentations as they would like, but staff are here and ready to talk. We are the Board's staff and will do what we can. Staff appreciate that the Board has said timelines can be changed.

Mr. Travous noted that, just from an organizational standpoint, the worst thing in the world to try to do is to create a Strategic Plan for a new direction with a timeline of just three months from the Governor's Office to meet administrative needs. He wishes that there could have just been a simple discussion on a Strategic Plan knowing full well that Chapter 7 and staff need another six or seven months' worth of this type of discussion to give the Board a presentation that would make everyone happy. In essence, this is an interim Strategic Plan.

Mr. Porter stated that he would be comfortable if staff did nothing more than go ahead with it as it is for purposes of the Governor's Office and the legislature with the understanding that it would be revisited perhaps in six months where staff would come back with some revisions to at least show the Board that it's on track.

Mr. Hays noted that the staff has had a short period of time to put this plan together.

Mr. Travous responded that staff still need to go through this plan and look at its shortcomings. Staff really need another six months. The real Strategic Plan will come from staff listening to the Board. Six months more of Chapter 7 meetings and Executive Staff meetings are needed.

Ms. Stewart noted that because the open space and natural areas have been in previous Strategic Plans with specific timelines, she does not see any reason why they can't be put back in with those timelines. She believes that if staff can't come up with timelines for the other things, the Board needs to know early on the timeline for implementation of the PAMS system. The Board felt PAMS was important for moving forward. She believes there are a few of these that can be treated differently. She is aware that some of these things may take a couple of years. She is not suggesting that they be done right away. However, if there are no timelines at all human nature is to not even start on it. When something comes up, these things get pushed aside. If there are not going to be timelines, then perhaps the Board needs quarterly reports on the progress of these things.

Ms. Chilton responded that that is a good idea. While they are ongoing projects, reports would detail progress to date.

Ms. Stewart added that the last thing the Board wants to do is to be here next year and find we are in the same place.

Mr. Travous added that staff feel the same.

Chairman Hays asked if a quarterly report would be satisfactory. There may be a need for adjustments.

Mr. Porter stated that he would not be uncomfortable with quarterly reports. He suspects that the Board probably will need a time frame around the first of the year to get together again and again in express meetings designed to take a hard look at where things stand on all of this. He believes that it will help for everyone to come together to take a look at what has been done, where staff have gone, ask if the direction is right, decide on the most critical things that really need a timeline, and move on in order to get where we want to go.

Mr. Travous suggested, at least for the next year, quarterly retreats for the Board. His Director's Report will include what staff have been working on between meetings.

There would then be a quarterly retreat to discuss it and keep things moving forward. It keeps the Board up-to-date and gives time for staff and the Board to sit down in a meaningful way without other business to attend to.

Ms. Stewart asked if the members of Chapter 7 would be invited to the retreats. If they are going to be working on it then it is important that they hear the discussions firsthand. Their report to the Board in May noted the difficulty in taking a cold piece of paper and getting the sense what of the Board really meant. It takes time then to sort it out. It would be appropriate for them to participate with the Board.

Mr. Travous responded that he would like to have at least a member of Chapter 7 attend. He also does not want to create two Executive Staffs for the organization. There are other administrative things to look after. They would certainly be invited to come to every meeting and have someone represent them at the retreats. Ms. Hilderbrand would probably be the person to represent them since she has been tasked as the "change" agent.

Ms. Stewart agreed that not everyone on Chapter 7 needs to attend. She isn't sure that these meetings need to be quarterly, either. Six-month intervals might be fine.

Chairman Hays asked if everyone is in agreement.

Ms. Stewart responded that there would be timelines for the open space and natural areas as previously established and then there would be quarterly updates.

Mr. Porter noted that quarterly retreats might be a little overkill.

Mr. Beechum noted mention had been made earlier regarding assessing staff's responsibility under the new Vision. He asked if there is a way to assess staff's responsibilities. Someone has to do the work.

Mr. Travous responded that this all began when staff began looking at the agency's resources on a day-to-day basis and warning that there is more than in the past, and that there was a need to get those resources and bring them together. It was looked at and the result was the Resources Management Section. He does not believe that that group is complete yet. In fact, the organization is not complete yet. Making the head of that group, for instance, part of Executive Staff creates both problems and opportunities. He plans to speak with other states that have Departments of Conservation about how they managed organizationally to get things done. He is in contact with the Minnesota Department of Natural Resources and the Tennessee Department of Conservation.

Mr. Travous added that there are people who will work much harder than they have because the agency is getting back to the basics of why they got involved with it in the first place.

Mr. Siegwarth resumed his presentation and turned from the Strategic Plan to the budget. He reported that this is a three-year budget covering Fiscal Years 2005, 2006, and 2007. The Governor is working on the budget for 2006 and 2007. He noted that for this budget year neither SLIF nor OHV were swept. The Governor vetoed the \$350,000 Land Conservation Fund. There was also a loss of about \$1 million in Heritage Fund Interest. Those are big issues. They do not affect the grant program, so the grant recipients for SLIF will keep their percentage, essentially using SLIF capital to make it

through this year. The OHV grants will be discussed tomorrow. There were 9 or 10 that were suspended and there are still outstanding balances of approximately \$600,000. Staff believe the money is there. Another \$2 million is expected this year. The Board will be able to unsuspend those grants and re-fund them if they wish.

Mr. Porter asked if the Board would only be digging into SLIF for about \$650,000.

Mr. Siegwarth responded that the actual SLIF budget is \$4 million.

Mr. Porter asked what the Board would need to "dig into" to offset what happened last year.

Mr. Siegwarth responded that only \$350,000 was returned. The House wanted \$700,000 from SLIF and the Senate wanted \$700,000 from Land Conservation Fund Interest, and it was split down the middle for a total of \$350,000. The net effect to the agency is \$700,000 to be reverted from SLIF.

Mr. Porter asked if it would be necessary to dig any deeper into SLIF funds.

Mr. Siegwarth referred to another slide of his presentation.

Ms. Stewart asked if the Board had these slides in their packet.

Mr. Siegwarth responded that the slide was the same as page B-20 (page 55 in packet). He reviewed each fund. He noted that the good news is that the Heritage Fund will be fully funded at \$10 million.

Ms. Stewart asked if the four additional people who are being hired for Environmental Education is above and beyond the three people already on board.

Mr. Siegwarth responded that a safety valve is always needed. Essentially there may be need for some EE people. There is an internal policy that EE money is for EE people. Over the coming year that may be an area where expansion will be possible. There are no actual positions attached to that money yet.

Ms. Stewart asked if any consideration has been given to having someone who specializes in historical interpretation. The Historic Resources Committee has talked about the fact that although the EE people have been very helpful, given their background their main thrust is in environmental education as opposed to interpretation of historical exhibits.

Ms. Siegwarth responded that his answer would be yes.

Ms. Stewart asked, regarding the Publications Fund, if enough revenue is being received through the gift shop program to pay for the three staff in Phoenix and pay for the merchandise with enough money left over to hire three more people to help run the gift shops in the parks.

Mr. Siegwarth responded affirmatively. The additional three people will not be hired tomorrow. He wants to be sure the revenues are good. That is the plan. The balance is low right now. A large amount of money was spent on the Trails Guide. The Trails Guide and the reprint of the Kartchner Caverns book accounted for more than \$100,000 for the two. Staff hope they will sell well. They are on target for \$600,000.

Mr. Siegwarth reported that this budget is better than in prior years. The Enhancement Fund looks like the agency is spending about \$450,000 less than it is making. Staff anticipates that by the time JLBC figures out how much is needed for ERE it will probably be zero. He estimates the break-even point will be \$11 million. Project 11 was founded on making \$11 million in 2005. He noted that the agency made \$8.8 million this year. The parks other than Kartchner Caverns State Park made between \$4.5 and \$5.5 million in two years. Going park-by-park, he is hopeful of making more than \$10 million next year. Catalina, Dead Horse, Lost Dutchman, Picacho, and Cattail Cove have experienced development. He noted that \$11 million is a high goal. The entire agency has done a lot of work getting this close. If we watch what we spend, it may be possible to get by with spending just \$10.5 million rather than the full \$11 million.

Mr. Siegwarth discussed federal funds and the Heritage Fund Interest. He believes the Heritage Fund budget is sustainable, along with EE and the natural areas program. SLIF is an issue.

Mr. Porter noted that the figures the Board has are on page B-11 (page 46 in packet) and are different from the figures on the slide.

Mr. Siegwarth reported that he was informed two days ago that the agency will receive a full Heritage Fund allotment. He updated the slide, but not the documentation the Board received.

Ms. Stewart asked if staff anticipate any change in Yuma Crossing Enhancement Fund revenue.

Mr. Ream responded that he assumes Ms. Stewart is talking about the money that comes in from the City of Yuma. He noted that staff are working on a new IGA that is part of the agency's giving up 2.5 acres. He believes the agency is going to \$175,000 from \$150,000. Staff are hoping to get more from the City by improving what the park looks like and through the fee schedule providing more operating money at Yuma Crossing.

Mr. Porter noted his difficulty in understanding exactly what is happening with SLIF. He noticed a very large revenue figure there. He asked if that has something to do with the \$1.5 million that came back in as well as money from other years included in that number.

Mr. Siegwarth referred the Board to page B-54 (page 89 in packet). He noted that in spite of the rise in gas prices, it came in just below \$7.5 million which is what staff expected. The agency uses 11.8% of that money for operating money, or \$885,000. Capital is being used to plug a hole, and there is balance and carry forward. That gets it to \$4 million, which pretty much takes us down to zero. In 2006 there will be a \$3 million hole to fill. It is problematic.

Mr. Siegwarth referred to another slide. He noted that our employees should be the number one issue. They are what make this agency work. They are underpaid. A \$1,000 raise was nice; no increase in health insurance costs across the board is nice (however the staff in the western part of the staff may have to pay more). However, they are still underpaid and they are still under market.

Mr. Siegwarth noted that there were no fund sweeps for OHV or SLIF. There is a lack of General Funding. There are structural imbalances in Enhancement Fund and SLIF. He believes the agency is close to making up revenue to solve that problem. There is a problem with SLIF. The more the agency is asked to operate as a business and make the huge leap from \$4.5 million to \$11 million we need to watch our budgeting and try to make these funds nonappropriated so that the Board would have direct control over them.

Ms. Stewart stated she had a few questions regarding employee pay raises. She noted that this year the employees received an across-the-board raise of \$1,000. She asked if the agency is doing anything other than urging across-the-board raises for all state employees. She noted work is being done on incremental increases for various parks employees who have special certifications. She asked if anything is being done to reclassify or raise the pay of some of the people at the Phoenix Office. Many hold Masters Degrees. The salaries paid to those people is embarrassing.

Mr. Siegwarth responded that the Human Resources staff are constantly working on updating PDQs and trying to get employees elevated up a grade. Over the last three years a lot was done to help almost every employee. The accounting staff are the toughest issue. Staff have not been able to get the grade 14s raised. Those are issues staff constantly deal with. It has to go through DOA. When a rationale can be found, it is used. He estimated that at least 40 people are elevated a grade annually. Staff do what they can. One employee just received a Masters Degree and was recommended for an increase. DOA turned the request down. Staff are working with DOA on the entire Ranger series, and it is taking a long time. The budget process is such that staff are constrained in what can be done. It helps when the Board says this is their number one priority.

Ms. Stewart noted that the agency has some really talented employees and the Board needs to keep up its efforts on all fronts to properly reward them.

Mr. Siegwarth referred to a new slide. He noted that the previous slide represented a \$9.2 million General Fund increase. It is not out of line. This year they did not take \$8.8 million. The SLIF problem is really \$3 million. He stressed that the \$9.2 million is not adding staff to do things; it is keeping the agency where it is now. It is maintaining things as they are. It adds \$7 million in Capital programs and \$692,000 to the OHV program. This is the budget strategy part of it. He noted that money for grants is received one year, it is awarded, then it takes about a year to get the paperwork done, and a year to spend it. There should always be about 3 years' revenue sitting in the bank. Right now \$15.2 million is sitting in the bank. That is about 3 years' revenue. While people may think \$15.2 million is a lot of money, \$3.9 million of that money is natural areas and we don't really know how much will be needed throughout the state. It costs about \$400,000 per year to fix things that break at parks. A lot of the money is used for utilities and sanitation, art exhibits, and land acquisitions. The agency only has about \$3 million per year to throw at this huge problem.

Mr. Siegwarth added that the state is in an economic downturn. Capital is needed to keep the agency afloat. We need some money in the bank. The Board needs the flexibility to make the decision between capital and operations.

Mr. Siegwarth stated that the big question is how to go to the legislature next year and justify and get the money that is needed. It's good to have big dreams. Everyone here is here because they want to see things happen. The sad thing is that things happen quickly in this agency. Sometimes there are small windows in which to make those changes. Staff know that the OSPB and JLBC analysts are crunching numbers from October onward. They only have from June through September to actually visit the parks. Staff had the opportunity last week to take the liaison from the Joint Committee on Capital Review and the lead operations analyst from JLBC on a tour of five parks. This is the time staff have to convince them of what needs to happen. In September they will look at the Strategic Plan as justification of why the agency needs \$9.2 million.

Mr. Siegwarth stated that it is fine to have a dream. We are here today to work out our Vision for the next three years. It doesn't have to be precise because they won't start asking hard questions until mid-October. A letter has already been received from JLBC asking a lot of pointed questions. They are reading the Minutes of the Board's meetings and noted that the Board is considering changing its fee schedule. They asked why, how many people will be affected, the impact on revenue and visitation, and why changes were made where they were. They noticed that the Governor vetoed \$350,000 in SLIF and asked how it will be handled, what the impact will be in 2006/2007, and what impact it will have on the grant programs. These are questions staff did not expect until October. These are good questions for them to ask. Staff have good answers to give them. He is glad these questions are being brought up. What is being discussed today are essentially the answers to those questions.

Mr. Siegwarth noted that staff's understanding is that the JLBC probably won't put in that \$9.2 million unless the legislators tell them that this is important and should be in there. It takes legislative support to get it in there. Even if staff did get some legislators to put it in, it will still be an uphill battle to get it through the legislature, especially without the Governor's support. There is a timeline here.

Mr. Siegwarth discussed creating districts, areas, or clusters in which the agency can demonstrate its current plan. When showing the good works the agency does, he is very budgetary. It has to be looked at as a cube. The budget makes sense on one side, but it may have to show that it makes logical sense on another side. It could be community impact, or it could be just the quality of life of the community. It could include the history of the community.

Mr. Siegwarth referred to another slide.

Ms. Stewart requested a copy of the slides for the Board, noting that they would be better able to digest this presentation if they have it in writing.

Mr. Siegwarth noted that this is an internal idea. Staff are open to the Board's comments. He has a few more points to make.

Mr. Siegwarth noted that huge things were done at Dead Horse Ranch State Park. The campground was filled most of the year. There was discussion that this was recreation for recreation's sake. However, the Verde River Greenway is just next door and great things were done there. Great things have been done at Jerome. There are great plans for Ft. Verde and Riordan. Slide Rock is a great day use area. There is environmental education available at Red Rock. In just that one small area it does look like the agency

is doing its complete Mission. When one looks at what is being done at Sonoita Creek and throws that in with San Rafael, Patagonia, and Tubac, it looks like the agency is doing its Mission there. If Lake Havasu said they need \$500,000 for a new restroom and shower building, that certainly won't excite people. However, there have been meetings with BLM and the City of Lake Havasu and they have a plan for that place. The City of Yuma has a grand plan for that place. ASP is part of that. If a region is doing great things and needs our help and we're part of it, it might be enough to actually catch the interest of the Governor and get the legislature fully behind our Mission and our Vision and what we are trying to do. The whole state is a hard sell. By bringing the Vision down a little and focusing on an area, some grandiose plans may be developed that would be workable. There are clusters where parks are brought together in areas that were alike economically and in areas that were alike in geography. He looked at dividing the state into six areas. One area extends from Page and includes Alamo and the western half. He ran the revenues and costs for operating those parks. The recreational parks in that area do OK from an economic sustainability point of view. That area could work economically as a unit. There are a lot of wildlife areas there. This is a way to bring it down to a more manageable size; even that may be too big. The Dead Horse area was discussed. Sonoita Creek, Tubac and San Rafael are almost economically the same. Kartchner, Tombstone, and Roper Lake actually have a profit. Things could be done with Lost Dutchman and Picacho.

Mr. Siegwarth stated that creating districts is one way to look at achieving balance and economic sustainability. He noted that Maricopa would be a separate district. The Consumer Marketing Survey talks about how far people will travel and where they will travel. If the agency were to create districts and try to look at the impact and ensure it is balanced, it will be a challenge to think about how to attract people in Maricopa County, which is a large voter block. It is not necessary to own a park to have a huge impact. This is an area the agency clearly needs to rethink.

Mr. Siegwarth referred to a new slide. He reported that Executive Staff named six districts. Chapter 7 did a lot of work and came up with roughly 18 separate districts. The thought and the knowledge that they have with the state and the inter-relationships matches what Executive Staff have. The work they did on this is truly overwhelming. Once again it demonstrates that staff are looking forward to doing the work. The agency is blessed to have the staff it has.

Mr. Siegwarth referred to a slide regarding Action Steps. Among the work to be done is to determine some areas and look at what is being done, see how it interplays with our partners and friends, obtain support from the parks and partners, and garner support from the Governor and legislature for those plans. This is a two-year budget cycle. Two years from now staff want to have made a difference.

Mr. Siegwarth stated that this is his presentation. Tomorrow the Board needs to pass the SHPO Work Plan and the Capital Improvement Plan. The Market Plan, the IT Plan, and the Resource Management Plan were included because they received increases in funding and staff wanted to go into more detail on those plans. The Trails Plan was provided to the Board some time ago. That Plan needs Board approval in November. Any comments the Board wishes to make can be included the draft. Now is the time for

the Board to ask any questions they may have. There are enough staff present to answer questions.

Chairman Hays called for a recess at 3:15 p.m.

The meeting was reconvened at 3:25 p.m.

Chairman Hays asked the Board if they had any questions for staff regarding the presentation.

Mr. Siegwarth noted that staff are present to answer any questions the Board may have.

Ms. Stewart noted that she had questions on the last part of the presentation regarding districts. She wondered if it might be a bit premature jumping into districts before a lot of those other questions have been answered. It seems to her that carving the state into districts before those questions have been answered may limit the Board's options later. She noted the excitement over putting the Strategic Plan before the Budget. However, if she follows what has been said, then in order for staff to do the budget staff have to carve up the state into districts. It appears that we are back with the budget driving the Strategic Plan again. She noted that the Board is running a statewide system. By carving out a number of districts and then going to these districts and asking what their plans are and what they want, we are still not looking at it as a statewide system. We're looking at it from what the various communities want. She believes it is important to see that all communities are served. If the agency is going to be in a leadership role, it may not be appropriate to ask communities what their plans are. While she does want to know what communities are planning and be able to partner with them, she is concerned that all of a sudden we are rushing into districts before some of those more fundamental questions have been answered. She realizes that staff feel they need some kind of gimmick to take to the legislature and the Governor's Office.

Mr. Siegwarth responded that while this is really a Board discussion, he wanted to clarify some things. The idea of districts is really more of a concept. It is not really a hard line. It's just recognition of the fact that perhaps rather than looking at particular park that may not be doing well, staff should look at a larger area. They are not hard-and-fast districts. The agency already has regions. There are already clusters of parks. There are management areas where the agency shares expertise among certain parks. This is still in its infancy. The point about the budget wagging the dog is well taken. Quite frankly, many times the budget does just that. Staff are trying to reverse that process. He does not view this as a gimmick. Probably \$10-\$12 million of the Capital Improvement Plan is allocated to Contact Point on Lake Havasu at Windsor Beach. No businessman would dump \$12 million into that lake without knowing who the competition was. The City of Lake Havasu has their own plans; BLM has their own plans. This is the recognition that the agency is not operating in a vacuum but rather does need to work together with other entities. There are ways to do that. He believes that in looking at Lake Havasu as the entire lake it is hard to sell putting something there unless one can say how it will impact the ecology of Lake Havasu, how it will affect the community, and how it will affect the agency's bottom line. It is something we do any way external to this entire process. This is more of a recognition that we are doing grand things with our partners. Staff are not trying to accomplish just going to the legislature and having them focus on that one bathroom on that one beach.

Ms. Stewart responded that it appears to be rushing into the carving up of the state. We already have the three regions. If there was a more encompassing explanation of why the various things are being done staff could get to the same place without putting in this artificial district concept before it is known whether or not the Board wants to create districts and what districts it wants to create. She didn't hear anyone from Chapter 7 talk about this and the first she heard about it was in a telephone conversation with Mr. Siegwarth two or three weeks ago. He told her it is needed in order to get the money. It seemed like the process with Chapter 7 was being halted and that instead we needed to come up with these districts in order to get our budget. She is concerned about that.

Mr. Siegwarth responded that this concept is in its infancy. One of the criticisms staff received is that Lake Havasu is really funding Roper Lake. This is an attempt to show that as a region, the agency has a balance in services in an area. It is just one paradigm to consider. This is one way to accomplish what needs to be done. He is sure there are other ways to do it.

Mr. Porter stated that he does not share those concerns too much. He would share them more if he thought this was something that would make a huge administrative difference. As he understands it, this is primarily a sales tool for budgetary purposes to begin to look in terms of how commonality may lead to discussions. He believes that one of the retreats discussed earlier would center on how to approach this idea. There are inherent problems with this concept; there are also some benefits. From listening to the presentation, he realized there is one thing the Board has to address, and probably before any decisions are made on districts. He has come to the conclusion that this is not a state agency. We claim to be a state agency, but we really are not. How can this be a true state agency when we have zero presence in the most populous county in the state that is represented by more than half of the state legislators who happen to be the people who will be asked to give us this \$9.2 million? He understands they recreate in our outer parks. But in reality, this agency does not serve Maricopa County; we have no presence there. He has never been comfortable with that fact. He realizes that they have a good park system and does not want to compete with them. He believes there is a role this agency should be playing in that county, which in turn gives credibility. This is an issue the Board will eventually have to confront. He believes the Board has to be careful in how they proceed with this. As far as using it as a sales tool, he is not concerned and feels we should go forward.

Mr. Cordasco suggested stepping back and not getting caught up on the issue of districts. When talking about ecology, community, and economic impacts this is a big step, especially for the legislature. He asked if there is a need to help market all those together. Is the idea of districts an attempt to pull all of those things together?

Mr. Siegwarth responded that in those communities with surrounding parks the agency is a huge presence and great things are being done across-the-board. Those parks might be self-sustaining as a unit. When looking at the western area, Yuma has two state parks. There is a lot there that we are not doing. We could have a "loser" there. There may be some cultural or natural areas there. It's pointing in a similar direction. We are saying that as a state, we are economically sustainable. The Rim Country has different economics and they deal with things differently. They serve different types of areas –

cultural, recreational, and natural resources. It makes sense that those parks would be sustainable as a unit. When the argument is made that Lake Havasu is paying for Roper Lake it is not helpful when staff try to convey what we are trying to do throughout the state. It was an attempt to tie economic sustainability to the argument that we are doing work in the community and that we were still running economically sustainable operations. It also makes a point in certain areas that more recreation is needed in one place, more cultural in another, and more natural areas in yet another. It is just a tool in which to convey what the agency is trying to do throughout the state. It makes it more understandable in dealing with the legislators and the Governor. It enables staff to give the big picture in their area of what the agency is doing and its importance to that area. Executive Staff believe it is a good way to approach how to explain the agency's Mission, story, and needs.

Mr. Travous noted that Mr. Siegwarth's example is a tool that is indicative of a bigger problem that staff are trying to address. Staff are spending a lot more time preparing the budget than they are getting the budget. Staff know how much money the agency needs. There are daunting paths ahead in the next six months where the Board's help is needed. Mr. Siegwarth came up with this idea as a way to explain the agency to JLBC and the Governor's Budget Office staff. ASP staff took them around. A number of factors came into play here. In the same few months we will have primary elections, general elections, and we may have brand new leaders in both the House and the Senate. This will occur in a time when staff are trying to get a big increase in our budget. At the same time, the Governor is attempting to show the legislature that her cost savings measures over the next five years will be \$850 million that she has saved by cost cutting measures. He doesn't know that she will be able to reach that goal. Staff fear that they will come back in the fall and tell staff they need another 10%. He believes staff need to go to the Governor's Office and request that they give back 90% of the General Fund support that was taken over the last years and in essence the agency will have taken a 10% budget cut. Staff are just trying to get the agency back up to where it was before.

Mr. Travous added that his other point is that the Governor is the most stable player in this piece of the puzzle over the next six months. Staff needs to get into the Governor's Office and talk to her about this agency's needs. Along those lines, some of the things that he has tried to do include going to the Governor's Office (Lori Faeth) and posing the idea of this agency being more of a Department of Conservation than Parks. Ms. Faeth stated that if that concept begins to bear fruit in discussions with the Board then she would like to receive a white paper and they'll talk about it. That gives him hope. She is stepping in where she has not stepped in before, and that gives staff hope.

Mr. Travous noted that he spent almost 20 years trying to get the Land and Water Conservation Fund (LWCF) reestablished in the US. He was part of a group known as Americans for our Heritage Recreation (AHR) that tried to pull that legislation back together. They brought in people from private industry, local parks, state parks, and the recreation industry. One of the reasons the agency is getting \$140 million rather than \$0 is due to the success of that group. One of the things he learned from LWCF is that it was a program that was working on a local level for 30 years without ever having to go to Congress. Because of that, Congress had no ownership of it because it was working so well and never created any problems. Because they had no ownership of it,

they lost knowledge of it. As Congress changed, there was no one there to support the program any more. AHR knew they had to start from scratch. Part of the problem the agency has right now organizationally is that we have done a real good job. We have been reliable. We got the Heritage Fund that the legislature has no control over and are able to do things we never dreamed could be done. We also saw our revenues increase. Half of that money was coming, by statute, to our development and half to operations. The agency has no guardian angels in the legislature because there has never been a need to really go to them for support. It is far different from when Chairman Hays was in the legislature and staff could go to him and other cultivated champions for its needs. The LWCF eventually became known as the Heritage Fund. Now it's known as the American Conservation Initiative. That money is earmarked to go into the same funds as before though we have a new generation of Congressmen. The President sees the need for it, also.

Mr. Travous stated that he believes the Board needs to discuss becoming a Department of Conservation, knowing that there are some risks. The major risk he sees is that staff will have to work very closely with Game and Fish Commission so that they know that we are not trying to step in on their turf. It would be more like the Department of Conservation in Tennessee where it still falls under the Department of Water and Resources. Everything else is under there as well. This would give the Governor something she could get excited about. It would give the legislators something that they could get excited about. The agency would still be doing some of the same old things it's been doing. However, there will be a fresh face on it and the agency will be doing some of the things that have been neglected when it comes to cultural and natural resources management. He sees the balance being bringing those two areas up to where recreation is. Rather than talk about the budget, he believes the Board needs to spend time over the next month or so on a case statement. It would be a one-page document stating the agency's dream and why help is needed. He noted that the \$9.2 million is very important to the agency because staff want to move forward but can't jump to that iceberg until it is certain that the one we're on is stable enough to give the footing we need. Perhaps this can be discussed over dinner tonight to see if this can't push the agency forward into this new area and at the same time bring in new constituencies.

Mr. Travous added that the idea of creating districts was staff's attempt to get a handle on how to work with certain groups of people.

Ms. Stewart stated that she is more concerned that it will overshadow the bigger picture and staff will get too caught up in it.

Mr. Ziemann reminded the Board that the agency does give Maricopa County millions of dollars every year in the form of grants. The agency does have a real presence in Maricopa County through the grants programs. There doesn't happen to be any parks there, but the agency does have a role to play in Maricopa County through SHPO and through our role at Spur Cross. There may be gaps and there may be a future need to get more involved in specific things. ASP does have a presence in Maricopa County.

Ms. Stewart noted that when people think of the Heritage Fund they think of the lottery and very few tie ASP to it. That's a problem. She really believes that Mr. Porter is correct that something needs to be done in Maricopa County, and probably more in

Pima County, if we really want to be successful. She asked if there would be discussion tomorrow about the Capital Fund.

Mr. Siegwarth responded that there would be time to discuss it tomorrow.

Chairman Hays noted that the Board needed to end this meeting with this discussion.

Ms. Stewart noted that last year there was a big project in the Capital Fund for McFarland. She did not see it on this year's list. She asked if it has already been started.

Mr. Ream responded affirmatively. He noted that the Capital Improvement Plans that the Board passed in the past do not go away with the passing of this new Capital Improvement Plan. This is new money with plans for it. McFarland's project is still in the works. There were some problems with the building conditions assessment. The architect working on it is just now finishing that project. Staff were expecting that document by the end of last week. He has not seen it yet. Once that document is received staff can begin going through that building conditions assessment, triaging, and determining what needs to be done and when. That is how the McFarland project works.

Ms. Stewart asked if this has anything to do with the cracks in the floors.

Mr. Ream responded that the first thing to be done is to stabilize the building.

Mr. Cordasco distributed maps to the site of the dinner to follow the Board meeting for those who wished to come.

Ms. Hernbrode reminded that Board that nothing is agendaized for discussion this evening. While she encouraged the Board to socialize, she noted that everyone must be very careful to not discuss anything that may come before this Board as a decision in the future.

Ms. Stewart asked if a notice could be placed on the door of this meeting site, not adjourn this meeting, and continue at the site of dinner.

Ms. Hernbrode responded that the Board could place a notice on the door that this meeting has not been adjourned and that the meeting location has been moved to the site where the Board will be having dinner and invite the public to attend as long as the Board stays within the items that are agendaized for today.

Ms. Busser advised the Board that there are rules to using this facility. She was not sure the Board would be allowed to put anything on door of this facility. Permission from the City of Flagstaff, Public Works Office, would have to be obtained before arbitrarily posting a notice on the doors. She advised the Board that a public meeting is scheduled in this room beginning at 6:00 p.m. They may not want the Board to post something on the door when they have their City Utilities meeting coming in.

Staff left the meeting to seek permission to post a meeting notice.

Mr. Travous noted that he was just informed that there is a meeting beginning in this room at 4:00 p.m. and that participants for that meeting are waiting outside to get in.

Chairman Hays adjourned the meeting at 4:00 p.m.

Pursuant to Title II of the Americans with Disabilities Act (ADA), Arizona State Parks does not discriminate on the basis of a disability regarding admission to public meetings. Persons with a disability may request a reasonable accommodation, such as a signlanguage interpreter, by contacting the ADA Coordinator, Nicole Armstrong-Best, (602) 542-7152; or TTY (602) 542-4174. Requests should be made as early as possible to allow time to arrange the accommodation.

SUBMITTED BY:

Kenneth E. Travous, Executive Director

APPROVED BY:

John U. Hays, Chairman